



# Department of Justice

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## **TWELVE INDIVIDUALS PLEAD GUILTY TO BID RIGGING AT REAL ESTATE FORECLOSURE AUCTIONS AT BROOKLYN COUNTY COURTHOUSE**

WASHINGTON, D.C. -- Twelve real estate brokers and speculators pleaded guilty to charges of participating in a conspiracy to rig bids at real estate auctions at the Brooklyn County Courthouse, the Justice Department announced today.

**JOEL I. KLEIN**, Assistant Attorney General in charge of the Antitrust Division, and **ZACHARY W. CARTER**, United States Attorney for the Eastern District of New York, said that separate one-count felony charges were filed in U.S. District Court in Brooklyn. The individuals included: Guila Feinberg, Mahmood Hussain, Vincent Longobardi, Aron Malik, Shahob Ohabi, Scott Pere, Naziemul Safi, Sol Shapiro, Meyer Unschorfer, Leonard Wadler, Martin Weinberger and Abraham Weiss.

Additionally, a thirteenth individual, Morris Weinberger, was charged with participating in a conspiracy to rig bids at real estate auctions at the Brooklyn County Courthouse.

According to the charges, the individuals participated in a conspiracy to rig bids by secretly agreeing not to bid against each other at public real estate foreclosure auctions at the Brooklyn County Courthouse at various times between October 1990 and November 1996.

The individuals carried out the conspiracy by designating one member of the group to bid the lowest price possible to obtain the property. After the public auction, the conspirators would hold a second auction among themselves where they bid against each other on the foreclosed property at prices higher than the price paid by the designated winning bidder at the public

auction. The highest bidder at the private auction would win the property and then make commission payoffs to the other conspirators to compensate them for not bidding at the public auction. The winning bidder at the public auction would then assign his right to purchase the property to the winning bidder at the private auction. The sum of the commission payoffs was the difference between the prices paid at the public and private auctions, and represented money lost to mortgage holders, lienholders, and homeowners.

The conspiracy allowed the individuals to buy auctioned houses at artificially low prices and deprived mortgage holders, lienholders, and homeowners of the full value of the auctioned properties. Over 200 properties, with a combined real estate market value of at least \$20 million, were affected by this conspiracy.

Last year, 35 individuals were prosecuted and convicted in a similar bid-rigging conspiracy at the Queens County Courthouse. Both the Queens and Brooklyn conspiracies victimized many lower middle-class individuals and families who had lost their homes. These combined prosecutions have resulted in substantial changes to the auction process in Queens and Brooklyn and have restored competition to auctions. Mortgage holders and homeowners are now receiving full and fair value for their properties.

The ongoing investigation into bid rigging in the real estate industry is a joint effort by the Antitrust Division's New York field office and the U.S. Attorney's Office in Brooklyn, along with the assistance of the Federal Bureau of Investigation.

The maximum penalty for an individual convicted of a Sherman Act violation is three years imprisonment and a fine the greatest of \$350,000, twice the gain derived from the crime, or twice the loss suffered by the victims of the crime.

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